

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7142

BILL NUMBER: HB 1886

DATE PREPARED: Feb 16, 2001

BILL AMENDED:

SUBJECT: High Technology Home Health Services and Medicaid.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

X

IMPACT: State

Summary of Legislation: This bill defines "high technology home health services" as home health services provided to an individual whose medical needs require high resource utilization. The bill requires the Office of Medicaid Policy and Planning (OMPP) to establish certain maximum payment rates for high technology home health services and to review these rates annually.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) This bill will increase state expenditures through the Medicaid program. Although good data is limited, OMPP estimates additional state expenditures of \$1.18 M per year as a result of higher payment rates to nurses providing care to individuals whose medical needs require ventilator care, tracheostomy care, or other high resource utilization.

Background: The bill provides for higher payment rates for services provided by registered nurses (RN) and licensed practical nurses (LPN) to patients requiring high resource utilization, such as individuals who need ventilator care or tracheostomy care. Maximum payment rates are specified in the bill: \$32 per hour for services provided by an RN and \$30 per hour for an LPN. These specified payment rates represent a 17.9% increase over FY 2000 rates for RNs (currently at \$27.14) and a 47.1% increase over rates paid to LPNs (currently at 20.39).

OMPP estimates total additional costs to the Medicaid program of \$3.04 M per year (Federal reimbursement of \$1.86 M; state share of \$1.18 M). The state share of expenditures is about 38%, while the federal share represents about 62%. The federal financial participation in the Medicaid program changes annually.

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal financial participation in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP.

Local Agencies Affected:

Information Sources: Kathy Gifford, OMPP, (317) 233-4455.